

# IFRS Pulse

Απρίλιος | Ιούνιος 2021



## IFR bulletins & IFRS News

### BDO IFR Bulletins

#### **IFR Bulletin 2021/10 - IASB Issues Amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction**

These amendments clarify whether the initial recognition exemption applies to transactions where assets and liabilities are recognised simultaneously, such as leases and decommissioning obligations. Depending on how an entity has been accounting for taxable and deductible temporary differences previously, these amendments could have a significant impact. This IFRB includes examples of how the amendments may affect entities.

The publication may be accessed [here](#).

#### **IFR Bulletin 2021/09 - IASB publishes Exposure Draft - Disclosure Requirements in IFRS Standards - A Pilot Approach**

In response to stakeholders' demands for more relevant and effective disclosures in the financial statements, the IASB has proposed a new approach to developing the disclosure requirements in IFRS Standards. In March 2021, the IASB released Exposure Draft - Disclosure Requirements in IFRS Standards - A Pilot Approach, which includes the proposed guidance for the IASB to be followed when developing and drafting disclosure requirements. The Exposure Draft also includes the proposed amendments to the disclosure requirements in IFRS 13 Fair Value Measurement and IAS 19 Employee Benefits, which have been developed following the new approach.

The Bulletin provides a brief background of 'the disclosure problem' that the IASB is proposing to

remediate with the new approach and summarises the requirements of the Exposure Draft.

The publication may be accessed [here](#).

#### **IFR Bulletin 2021/08 COVID-19 Related Rent Concessions Beyond 30 June 2021: Extension of Practical Expedient - Additional FAQs**

This publication explains how the extension to the practical expedient in IFRS 16 is applied and how an entity applies the transitional requirements depending on the timing of an entity's year-end and when an entity chooses to adopt the amendments.

The publication may be accessed [here](#).

### IASB News

#### **IFRS Foundation Trustees publish proposed amendments to the Constitution of the Foundation for proposed sustainability standards board**

The Trustees of the IFRS Foundation have published proposed amendments to the Constitution of the Foundation. The amendments are intended to incorporate the potential formation and operation of the new international Sustainability Standards Board (ISSB) within the governance structure of the organisation. The amendments include revisions to the objectives of the Foundation and the institutional arrangements for the ISSB.

The proposed amendments may be accessed [here](#). Comments on the proposed amendments are requested by 29 July 2021.

#### **IASB publishes Exposure Draft on Management Commentary**

The proposed framework represents a major overhaul of IFRS Practice Statement 1: Management Commentary.

The proposed framework sets out disclosure objectives for information about the company's business model, strategy, resources and relationships, risks, external environment and financial performance and position. The disclosure objectives are designed to enable companies to identify and provide information that is material to investors, and to enable regulators and auditors to assess compliance with the proposed framework.

Entities are not required to provide management commentary by IFRS standards. The Exposure Draft does not change this requirement.

The Exposure Draft may be accessed [here](#). Comments are requested by 23 November 2021.

#### **IASB issues amendments to IAS 12 to clarify accounting for deferred tax on leases and decommissioning obligations**

In certain specified circumstances, IAS 12 provides an exemption to entities from recognising deferred tax when they recognise assets or liabilities for the first time. However, there was some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.

The amendments now clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition and entities are required to recognise deferred tax on such transactions.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.



The press release by IASB on the amendment may be accessed [here](#).

### Two IFRIC final agenda decisions published in an addendum to April 2021 IFRIC Update

In its meeting held on 20 April 2021, IFRIC had finalised agenda decisions on:

- Attributing Benefit to Periods of Service (IAS 19 Employee Benefits)
- Hedging Variability in Cash Flows due to Real Interest Rates (IFRS 9 Financial Instruments)

In accordance with the Due Process Handbook, the IASB discussed the agenda decision in its May 2021 meeting and did not object to the agenda decision. The final agenda decisions are now published in an addendum to the April 2021 IFRIC Update.

The addendum to the April 2021 IFRIC Update may be accessed [here](#).

### IFRIC final agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) published in an addendum to March 2021 IFRIC Update

In its meeting held on 16 March 2021, IFRIC had finalised its agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In accordance with the Due Process Handbook, the IASB discussed the agenda decision in its April 2021 meeting and did not object to the agenda decision.

The final agenda decision is now published in an addendum to the March 2021 IFRIC Update.

The agenda decision provides guidance on accounting by a customer for costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement.

The Committee considered following questions



when analysing the issue:

- whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software; and
- If an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs.

The IFRIC Update may be accessed [here](#).

### Compilation of Agenda Decisions - Volume 4 published by IFRS Foundation

IFRS Foundation has published the fourth volume of Compilation of Agenda Decisions. This volume brings together agenda decisions published by the IFRIC from October 2020 to March 2021.

The agenda decisions included in this compilation relate to IFRS 7 Financial Instruments: Disclosures, IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows, and IAS 38 Intangible Assets.

The compilation may be accessed [here](#).

### EFRAG / ESMA / IOSCO / IVSC

#### EFRAG seeks comments on due process procedures on EU sustainability reporting standard-setting

EFRAG has launched a Public Consultation Paper: EFRAG Due Process Procedures on EU Sustainability Reporting Standard-Setting.

EFRAG is requested to provide Technical Advice to the European Commission in the form of fully prepared draft sustainability reporting standards and/or draft amendments to sustainability reporting standards. EFRAG is required to provide the technical advice with proper due process.

In the Public Consultation Paper, EFRAG is consult-

ing on its proposed Due Process Procedures which provide the requirements to be followed in its role as technical advisor to the European Commission in preparation of draft sustainability reporting standards or draft amendments to sustainability reporting standards.

The consultation paper may be accessed [here](#). Comments are requested by 15 September 2021.

### **EFRAG submits its response to the IASB's Request for Information on Post-Implementation Review of IFRS 10, IFRS 11 and IFRS 12**

EFRAG has submitted its response to the IASB's Request for Information (RFI) on Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities (the PIR).

In the response, EFRAG has reported the issues heard from the European constituents on IFRS 10, IFRS 11 and IFRS 12 implementation or application for the consideration of the IASB.

The response to the RFI may be accessed [here](#).

### **EFRAG Secretariat issues a Briefing on Business Combinations under Common Control**

In November 2020, the IASB issued the Discussion Paper DP/2020/2 Business Combinations under Common Control to explore possible reporting requirements for the transfer of businesses under common control in the financial statements of the receiving company.

EFRAG Secretariat has issued a Briefing on the Discussion Paper as part of its strategy to stimulate debate on the IASB's proposals. Due to the nature of the Briefing, there are no questions included for the constituents. Constituents may express their views when responding to EFRAG's draft comment letter.

The Briefing may be accessed [here](#).

## **BDO Publications & IFRS in Practice**

### **IFRS in Practice**

### **Illustrative Interim IFRS Financial Statements for the quarter ended 31 March 2021**

BDO has released illustrative interim IFRS financial statements for the quarter ended 31 March 2021. These illustrative financial statements include disclosures relating to the effects of COVID-19, as well as an illustration of an entity adopting the recent amendments to IFRS 16 COVID-19 Related Rent Concessions Beyond 30 June 2021.

This publication is a great resource for anyone who must prepare or review interim financial statements.

The publication may be accessed [here](#).

### **IFRS in Practice 2021/2022 - Accounting for convertible notes**

Convertible notes are a very common form of financing used by companies to raise capital. These convertible notes often contain dozens of different clauses, terms and conditions, which may significantly affect how the notes are accounted for

in accordance with IFRS, including the important distinction between a financial liability and equity.

BDO's IFRS In Practice publication includes dozens of examples explaining how convertible notes should be accounted for including numerous flowcharts and practice aids, which summarise the requirements of IAS 32 and IFRS 9.

The publication may be accessed [here](#).

## **BDO Online Courses**


### **BDO releases online course on March 2021 IFRIC Meeting**

BDO has released an interactive online course summarising the final agenda decision arising from the March 2021 IFRIC meeting.

The final agenda decision deals with Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets).

The course may be accessed [here](#). All of BDO's online training may be accessed [here](#).





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